



March 9, 2009

STATUS OF APPROPRIATIONS BILLS

As of March 6, 2009

Appropriations Subcommittee Bills		
	LSB/File#	Status
Transportation	LSB 1008JB	Passed Joint Subcom – 3/5
Other Appropriations Bills		
Disaster Appropriations	HF 64	Signed by Governor
FY 2009 Appropriation Adjustments	HF 414	Passed Senate - 3/5
FY 2009 Bonding & Infrastructure Approp. Adjustments	SSB 1274	Passed Senate Approps Committee - 3/4

REVENUE ESTIMATING CONFERENCE SCHEDULED

The next Revenue Estimating Conference (REC) has been scheduled for Friday, March 20, 2009, in Room 116 of the State Capitol.

The REC will consider revisions for the FY 2009 and FY 2010 revenue estimates. Given the status of the economy, it is possible that one or both revenue estimates may be decreased. If the revenue estimate for FY 2009 is decreased, additional appropriation adjustments may be required. If the revenue estimate for FY 2010 is decreased, the Governor will be required to revise his budget recommendation.

As of February 1, 2009, revenues for FY 2009 appear to be at or above projections. However, tax filing season is currently in process, and tax refund data is still preliminary.

STAFF CONTACTS: Holly Lyons (Ext. 17845) and Jeff Robinson (Ext. 14614)

FEDERAL STIMULUS (ARRA) ALLOCATIONS TO IOWA

Federal Stimulus Summary. The Fiscal Services Division recently released a spreadsheet titled "Preliminary Federal Stimulus (ARRA) Allocations to Iowa. The spreadsheet summarizes and also provides detail about the expected allocations to Iowa under the American Recovery and Reinvestment Act of 2009 (ARRA). Analyzed and sorted by Appropriations Subcommittee, the detail explains the following about the allocations:

- Purpose and description
- Conditions on the money
- How it is to be distributed
- How much is anticipated to be received
- Whether it needs to be appropriation
- Issue/Comments/Legislative Decision Points

The document should be considered preliminary as estimates are preliminary and subject to change. Potential federal agency clarification of legislation could further revise the estimates. Iowa may not be eligible for all funds listed.

IN THIS ISSUE:	Status of Appropriation Bills – pg 1	Dept. of Revenue Tax Credit Report – pg 4
	REC Meeting Scheduled – pg 1	Judicial Branch Office Closings – pg 4
	Federal Stimulus Allocations to Iowa – pg 1	Recent Publications – pg 5
	Medicaid Forecast – pg 2	Appropriation Subcommittee Meetings – pg 5
	Child Care & Adoption Subsidy Estimates – pg 3	Meetings Monitored – pg 6

Web Resources. Valuable resources for information of the federal stimulus money include:

- www.ncsl.org - NCSL website
- <http://www.staterecovery.org/federal-assistance> - Council of State Governments website
- <http://www.recovery.gov/> - Official ARRA website
- <http://www.whitehouse.gov> - Whitehouse website
- <http://www.grants.gov> - Source to find and apply for federal government grants
- <http://www.nga.gov> - National Governor's Association website
- <http://www.hhs.gov/recovery> - Federal Department of Health & Human Services website
- <http://www.ed.gov> - Federal Department of Education website
- <http://www.legis.state.ia.us> - LSA website

STAFF CONTACT: Holly Lyons (Ext. 17845) Doug Wulf (Ext. 13250)

MEDICAID FORECAST FOR FY 2009 AND FY 2010

Medicaid Forecast. Staff members from the Department of Management, the Department of Human Services (DHS), and the Fiscal Services Division of the LSA met on February 27 to discuss estimated Medical Assistance (Medicaid) expenditures for FY 2009 and FY 2010. The forecasting group meets monthly to discuss estimated expenditures and to agree on a range for the current and upcoming fiscal years.

FY 2009. Senate File 2425 (FY 2009 Health and Human Services Appropriations Act) included total State funding of \$886.2 million for Medicaid. Other funding sources included was \$5.5 million provided to rebase hospitals in HF 2700 (FY 2009 Standings Appropriations Act) and \$2.8 million to cover additional children eligible for Medicaid in HF 2539 (FY 2009 Health Care Reform Act). The State appropriations from all funding sources for Medicaid for FY 2009 total \$894.5 million. This is an increase of \$45.7 million compared to FY 2008.

FY 2009 ATB Reduction. In December, the Governor issued an across-the-board (ATB) General Fund and Health Care Trust fund reduction of 1.5%. The ATB reduced the overall Medicaid appropriation by \$10.0 million for FY 2009 to \$884.5 million.

FY 2009 Stimulus. On February 17, the President signed the American Recovery and Reinvestment Act of 2009 which provides a 6.2% increase in the Federal Medical Assistance Percentage (FMAP) match over 27 months, with nine of the months falling in State FY 2009. An increase in the FMAP formula offsets State dollars needed to fund the Medicaid program. For FY 2009 it is estimated the FMAP change will reduce the amount of State funds needed to fund the Medicaid program by \$110.0 million.

FY 2009 Range. For FY 2009, the forecasting group agreed that there will be a surplus of \$54.0 million to \$78.0 million with a midpoint of a \$66.0 million surplus. The range includes the 1.5% ATB reduction and the 6.2% FMAP increase.

FY 2010 Stimulus. For FY 2010, the American Recovery and Reinvestment Act of 2009 provides the same 6.2% FMAP increase in all 12 months and is estimated to offset the amount of State Medicaid funds needed by \$145.1 million. The Act also provides for additional FMAP increases based on states' unemployment rates, it is estimated that Iowa may qualify for an additional FMAP unemployment adjustment sometime in FY 2010, but the amount the Iowa may receive is not known at this time.

FY 2010 Range. For FY 2010, the forecasting group agreed Medicaid will have a surplus of \$36.0 to \$65.0 million with a midpoint of \$50.5 million compared to the FY 2009 after the 1.5% ATB reduction appropriation of \$884.5 million. The range includes the 6.2% FMAP increase, and an increase of \$9.0

million for IowaCare to reflect the expected phase-out of federal funding for the Mental Health Institutes that was agreed to in the creation of the IowaCare Program.

Enrollment Increases. See the table below.

Medicaid Enrollment Increases (Decreases) FY 2009

Medicaid Enrollment Increases/(Decreases) FY 2009					
FY 2009	Children	Adults	Aged	Disabled	Total
July	(346)	(259)	13	113	(479)
August	4,497	751	144	252	5,644
September	4,822	798	225	429	6,274
October	553	(430)	22	(149)	(4)
November	1,136	-	41	64	1,241
December	2,296	289	39	191	2,815
January	390	(352)	(147)	97	(12)
February	2,748	884	(19)	273	3,886
Total	16,096	1,681	318	1,270	19,365

Covering All Children. During the past several legislative sessions both the Governor and the Legislature have requested and added funding to move towards the goal of providing health insurance for all children in the State. For FY 2008, the Medicaid Program added 7,021 children for a total enrollment of 167,005 children. During the first seven months of FY 2009, Medicaid has had a net increase of 16,096 children. The majority of the increases in enrollment in children can be attributed to continuous eligibility and the federal waiver granted due to flooding to waive the annual reviews for three months.

Economy. To date, the forecasting group has yet to see the major effects of the current recession on the Medicaid Program. During the last recession in FY 2001 and FY 2002, enrollment grew by 11.3% and expenditures grew by 16.0%. If current economic conditions persist, the Program could see a substantial growth in enrollment leading to expenditures beyond the top end of the ranges estimated by the forecasting group for both FY 2009 and FY 2010.

STAFF CONTACT: Jess Benson (Ext. 14611)

CHILD CARE AND ADOPTION SUBSIDY PROGRAM FY 2009 AND FY 2010 ESTIMATES

Forecasting Group Meeting. Staff from the Department of Management, the Department of Human Services, and the Fiscal Services Division of the Legislative Services Agency met February 17 to discuss estimated Child Care and Adoption Subsidy expenditures for FY 2009 and FY 2010. This was the third meeting of the forecasting group that was established in SF 2425 (FY 2009 Health and Human Services Appropriations Act) to estimate the expenditures and revenues for these two expenditures.

Child Care – FY 2009: Senate File 2425 included State funding of \$41.3 million for Child Care Services that included an appropriation of \$1.5 million for a 2.00% provider reimbursement rate increase effective October 1, 2008. For FY 2009, the forecasting group agreed to a range of an estimated surplus of \$10.4 million to \$12.9 million with a midpoint of an \$11.65 million surplus for FY 2010.

Child Care – FY 2010: For FY 2010 the forecasting group agreed to an estimated need of \$500,000 to a surplus of \$5.6 million with a midpoint of \$3.0 million surplus for FY 2011. These figures are dependent on retaining the FY 2009 estimated carryforward for purposes of child care subsidy in FY 2010.

Preliminary Information for FY 2011. Preliminary discussions for FY 2011 have indicated that the amount of funding needed will surpass the expected carryforward amount of \$3.0 million depending on economic conditions and the number of children that will need to be served.

Adoption Subsidy – FY 2009: For FY 2009, the forecasting group agreed to a supplemental need of \$1.2 million.

Adoption Subsidy – FY 2010: For FY 2010, the forecasting group agreed to an estimated need of \$2.65 million compared to the original FY 2009 appropriation.

Next Meeting. The Child Care and Adoption Subsidy forecasting group will meet again in March to update the FY 2009 and FY 2010 cost projections.

STAFF CONTACT: Deborah Helsen (Ext. 16764)

DEPARTMENT OF REVENUE TAX CREDIT REPORT – 2006 CLAIMS

Report Released. The Department of Revenue recently released a report covering various income tax credits claimed on 2006 tax returns. The credits are claimed under personal income, corporate income, insurance premium, and franchise (bank) tax returns. The total amount claimed under each tax credit program is presented, along with the amount of tax credits carried forward to future tax years. The report discusses the tax credit program, the amount claimed, the number taxpayers claiming the credit, and whether the tax credit was refundable or could be carried-forward to future tax years.

Tax Credits. Taxpayers benefited from \$171.3 million in tax credits for tax year 2006, \$60.7 million in refundable credits and \$110.6 million in non-refundable credits. A total of \$135.6 million in tax credits carried forward for use in future tax years.

Investment Tax Credit. The largest tax credit program is the Investment Tax Credit awarded by the Department of Revenue to employers who agree to retain or expand employment in Iowa. The credit is equal to a maximum of 10.0% of capital invested. A total of \$32.5 million in Investment Tax Credits was claimed in tax year 2006 and \$110.4 million carried forward to future tax years.

Other Credits. The Research Activities Tax Credit, along with the Supplemental Research Activities Tax Credit awarded by the Department of Economic Development, totaled \$43.8 million in credit claims for the year, with an additional \$34.0 million carried forward to future tax years.

Report Link: <http://www.state.ia.us/tax/taxlaw/TaxCreditsClaimReport2006.pdf>

STAFF CONTACT: Jeff Robinson (Ext. 14614)

JUDICIAL BRANCH OFFICE CLOSINGS – FY 2009

Additional Office Closing Dates. The Iowa Supreme Court issued an order requiring all Court offices, including Clerk of District Court Offices and the Office of the Supreme Court, to be closed for seven days before the end of FY 2009. The closures are in addition to the February 16, 2009 closure. All Court staff (except Judges and Magistrates) will take unpaid leave on the following dates: March 20, April 10, April 24, May 8, May 22, June 5, and June 19.

Cost Savings. One day of unpaid leave for all Judicial employees, except Judges and Magistrates, (1,600 people) reduces expenditures by an estimated \$335,000. Judges and Magistrates are not subject to the unpaid leave order because the General Assembly sets their salaries and the Supreme Court lacks the statutory authority to change these salaries. On days the Court offices are closed, Judges and Magistrates will work in their chambers to maintain a minimal level of access to the Courts.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

RECENT PUBLICATIONS

The Fiscal Services Division has recently published the following:

NOTES ON BILLS AND AMENDMENTS (NOBA):

[HF 414](#) – FY 2009 Appropriations Adjustments Bill – Sue Lerdal (17794), Dave Reynolds (16934), Mary Shipman (1-4617)

[SSB 1274](#) – FY 2009 Bonding and Infrastructure Appropriation Adjustments Bill – Marcia Tannian (7942)

FISCAL NOTES:

[SF 286](#) – Recreational Therapy Licensing – Deborah Helsen (16764)

[SF 265](#) and [HF 486](#) – Kennel Inspection – Deb Kozel (16767)

[HF 469](#) – Ed Examiners Board, Licensure Fee Retention – Robin Madison (15270)

[SF 283](#) – Judicial Officers – Jennifer Acton (17846)

[HF 272](#) – Grain Inventory Excise Tax – Shawn Snyder (17799)

[SF 197](#) – Unemployment Modernization – Ron Robinson (16256)

[SF 231](#) – Iowa Care Provider Transfers and Compensation – Jess Benson (14611)

[SF 226](#) – Increased Contribution Rates Under Chapter 411 – Jennifer Acton (17846)

[SF 236](#) – Home and Community-Based Services Reimbursement – Jess Benson (14611)

[HF 382](#) – Public Health Modernization – Deborah Helsen (1-6764)

[HF 234](#) – Equality in Health Care Coverage – Jess Benson (14611)

[HF 416](#) – Categorical Allowable Growth – Shawn Snyder (17799)

[SF 217](#) – Categorical Allowable Growth – Shawn Snyder (17799)

[HF 157](#) – Aviation Use Tax to State Aviation Fund – Mary Beth Mellick (18223)

[SF 218](#) – School Aid Allowable Growth – Shawn Snyder (17799)

[HF 331](#) & [SF 237](#) – Pseudoephedrine Sales and Verification – Jen Acton (17846)

[HF 282](#) – School Drop Out Funding – Shawn Snyder (17799)

[HF 333](#) – Prevailing Wage – Doug Wulf (13250)

[HF 259](#) – Compulsory Education – Shawn Snyder (17799)

[HF 280](#) – Guardian ad Litem Payments – Beth Lenstra (16301)

FISCAL TOPIC: [Environment First Fund](#) – Deb Kozel (16767)

APPROPRIATIONS SUBCOMMITTEE MEETINGS

Subcommittee Meetings. Appropriations Subcommittees are currently meeting. The Fiscal Services Division staffs these meetings and maintains a website for each Subcommittee. The Subcommittee websites provide the following information:

- Subcommittee members, minutes, agendas, and staff contacts.
- Materials distributed. Copies of all materials distributed are posted. This includes Fiscal Services documents, such as spreadsheets and materials handed out by presenters, as well as a variety of reports submitted by departments.

To access the Subcommittee websites, go to the General Assembly website

(<http://www.legis.state.ia.us/>), click on Committees, and scroll down to Joint Appropriations Committees.

Subcommittee Contacts and Websites. The Fiscal Services Division staff contacts and website location for each Subcommittee are as follows:

Administration and Regulation: Joseph Brandstatter (5-2062) and Dave Reynolds (1-6934)
<http://www3.legis.state.ia.us/ga/committee.do?id=32>

Agriculture and Natural Resources: Deb Koziel (1-6767)
<http://www3.legis.state.ia.us/ga/committee.do?id=33>

Economic Development: Ron Robinson (1-6256)
<http://www3.legis.state.ia.us/ga/committee.do?id=34>

Education: Robin Madison (1-5270) and Dwayne Ferguson (1-6561)
<http://www3.legis.state.ia.us/ga/committee.do?id=35>

Health and Human Services: Jess Benson (1-4611), Deborah Helsen (1-6764), & Sue Lerdal (1-7794)
<http://www3.legis.state.ia.us/ga/committee.do?id=37>

Justice System: Jennifer Acton (1-7846) and Beth Lenstra (1-6301)
<http://www3.legis.state.ia.us/ga/committee.do?id=38>

Transportation and Infrastructure: Mary Beth Mellick (1-8223) and Marcia Tannian (5-2062)
<http://www3.legis.state.ia.us/ga/committee.do?id=40>

Standing Committees. Fiscal Services also has staff dedicated to the following:

Education - School Foundation Aid: Shawn Snyder (1-7799) and Dwayne Ferguson (1-6561)
House: <http://www3.legis.state.ia.us/ga/committee.do?id=21&ga=83>

Senate: <http://www3.legis.state.ia.us/ga/committee.do?id=5&ga=83>

Oversight: Marcia Tannian (5-2062) and Doug Wulf (1-3250)
<http://www3.legis.state.ia.us/ga/committee.do?id=41>

Ways and Means: Jeff Robinson (1-4614), Shawn Snyder (1-7799), and Dwayne Ferguson (1-6561)

House: <http://www3.legis.state.ia.us/ga/committee.do?id=31&ga=83>

Senate: <http://www3.legis.state.ia.us/ga/committee.do?id=15&ga=83>

MEETINGS MONITORED

Following is a list of meetings attended and monitored by Fiscal Services staff since the last Fiscal Update was published. Please contact the staff listed for more information.

Meeting	Date	Staff Contact
Prevention and Chronic Conditions Advisory Council	2/6/2009	Deborah Helsen (16764)
Shelter Care Providers	2/19/2008	Deborah Helsen (16764)
Medical Home Advisory Council	2/20/2008	Deborah Helsen (16764)
IPERS Benefits Advisory Board	3/2/2009	Jennifer Acton (17846)
Board of Corrections	3/6/2009	Beth Lenstra (16301)

Fiscal Services Division Publication Contact: Mary Shipman (281-4617)

This document can be found on the LSA website: <http://www.legis.state.ia.us/Fiscal/fiscupdt/>